October 6, 2011

EX PARTE PRESENTATION

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Ex Parte Presentation in WC Docket Nos. 10-90, 07-135, 05-337, 03-109; CC Docket No. 01-92, 96-45; GN Docket No. 09-51

Dear Ms. Dortch:

Pursuant to Section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, DISH Network L.L.C. ("DISH Network"), EchoStar Technologies L.L.C. ("EchoStar"), ViaSat, Inc. ("ViaSat"), and WildBlue Communications, Inc. ("WildBlue") (together, the "companies") submit this letter summarizing a meeting on Tuesday, October 4, 2011 with Christine Kurth, Policy Director & Wireline Counsel to Commissioner Robert McDowell. The companies also distributed the attached materials during the meeting. Present at the meeting on behalf of DISH Network and EchoStar were Jeffrey Blum, Senior Vice President and Deputy General Counsel; and Alison Minea, Corporate Counsel. Present at the meeting on behalf of ViaSat and WildBlue was Lisa Scalpone, Vice President of ViaSat and Vice President and General Counsel of WildBlue.

During the meeting, the companies discussed their serious concerns with the so-called "ABC Plan" for Universal Service Fund reform advanced by incumbent local exchange carriers ("ILECs"). The ABC Plan ultimately favors ILECs (who are the plan's principal supporters) at the expense of other broadband technologies like satellite broadband. The ABC Plan guarantees ILECs a "right of first refusal" with respect to (or even exclusive access to) $4.2 billion in High-Cost support, relegates competitive providers to a separate and significantly smaller fund, and rigs the bidding process by defining the boundaries of supported areas according to ILEC wire centers. The ABC Plan would misallocate USF support, undermine competition, and deprive rural consumers of the high-quality and cost-effective services offered by competitive providers. The companies agree that USF reform is needed, but any reform should be technology neutral, award funds to the most cost-effective provider, and facilitate competitive entry.

Respectfully submitted,

/s/ Lisa Scalpone

Lisa Scalpone
Vice President
VIASAT, INC.
Vice President and General Counsel
WILDBLUE COMMUNICATIONS, INC.
349 Inverness Drive South
Englewood, CO 80112
720-493-6234

/s/ Jeffrey H. Blum

Jeffrey H. Blum, Senior Vice-President &
Deputy General Counsel
DISH NETWORK L.L.C.
ECHOSTAR TECHNOLOGIES L.L.C.
1110 Vermont Avenue NW, Suite 750
Washington, DC 20005
202-293-0981

cc: Christine Kurth

Enclosures

Overview:

Hughes was awarded $58.7 million by the U.S. Department of Agriculture Rural Utilities Service (RUS) Broadband Initiative Program to provide satellite broadband service to unserved rural premises throughout the United States. Qualified consumers receive hardware and installation at no cost and a 33% discount on the monthly service charge. The Recovery Act Program was launched by Hughes Network Systems in November 2010 and will be in force for three years or until the award amount has been fully utilized.

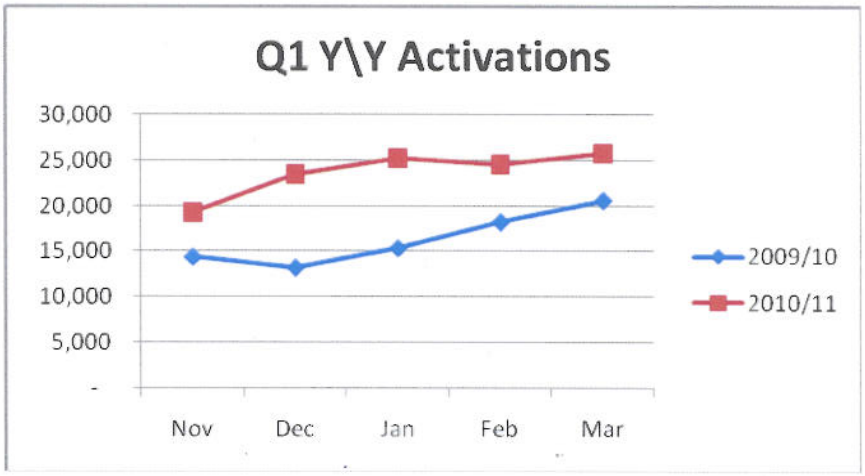
Success/Accomplishments:

The Hughes Recovery Act Program has been a major success to date. Success can be measured in three areas:

- Increase in new HughesNet subscribers;
- Higher customer satisfaction levels; and
- Jobs created from the stimulus funding.

New Subscribers:

The spirit of the program is to bring broadband to unserved households, and Hughes has done just that. The subsidy provided by RUS has enabled Hughes to eliminate hardware and installation costs to qualified subscribers and to provide a 33% discount on the monthly service charge. This has generated unprecedented demand and interest in the program. Hughes has added resources, particularly in the areas of call center support and installation staff. The graph below illustrates the month-over-month increase in quarterly customer activation volume when compared to same period one year earlier.



- From November 2010 to May 2011, Hughes received over 95,000 orders from eligible households for the HughesNet service as a result of the discounted Recovery Act service plans.
- The average installation rate increased from 69% during the months of April, June and July to 81% during the months of November, December and January.
- The five states with the highest number of Recovery Act orders from November 2010 to May 2011:
    1. Michigan-2,472
    2. Alabama-2,216
    3. Ohio-1,719
    4. Tennessee-1,265
    5. Texas-1,137

Customer Satisfaction:
A four-week satisfaction survey from February 21, 2011 to March 20, 2011 determined that HughesNet Recovery Act customers have a higher rate of satisfaction with their purchase, installation and service experience. The Recovery Act customer satisfaction results were compared to customers who purchased regularly priced HughesNet broadband Internet service.

Customer Satisfaction improvement as a result of the Recovery Act Program:

	Purchase Experience	Installation Experience	Service Satisfaction
Improvement	14%	6%	7%

The introduction of affordable broadband into these unserved communities has resulted in a myriad of benefits. Below is a series of quotes captured during Hughes' follow up and customer satisfaction surveys:

- "I got my HughesNet installed on the 5th of this month, and so far, I really like the way it breathed new life into my computer! After being forced to use dial-up @ 28.8 Kbps, this is a welcome treat, thanks to the Hughes Recovery Act, subsidized by the U.S. Government! Web pages load almost instantly, whereas with dial-up, it would sometimes take up to 5 minutes to load a web page!" – Michael Gronemeyer, Barnett, Missouri.

- "We received in the mail a postcard for the Recovery Act. Once we sat down and discussed it, we decided that we could do it now; we decided that we could afford it. My husband and I actually started our own Ebay business now because it's so much faster. We can download things so much quicker. The day that I had HughesNet installed I got on the Internet, onto my Facebook, and I wrote 'Loving my Internet service. I love HughesNet!'" – Michelle Wilhelm, Little Orleans, Maryland.

- "I received the Recovery Act postcard in the mail after I had looked at HughesNet and WildBlue and determined that the price was above our economical means. Now that we have HughesNet with the Recovery Act, everything is faster. It saves a lot of time and enables my kids to quickly research information for homework so the next one of my 5 kids can get on."– Deanna Clarkson, Thornton, West Virginia.

New Jobs Created:
New jobs were created in three areas as a result of the Recovery Act program instituted by Hughes.

- The sales agent pool increased from 297 agents to 357 agents during the period November 2010 to March 2011.
- Since launch of the Recovery Act Program, Hughes has trained and certified 374 new installers; about an 18% increase over the total number of installers prior to commencement of the Recovery Act Program.
- Hughes has trained an additional 27 Tier 1 call center agents since launch of the Recovery Act Program.

USF Reform Proposal – Competitive Technologies Fund

Satellite Broadband Coalition
(WildBlue/ViaSat and Hughes/EchoStar)
August 3, 2011

Reverse auctions, open to all technologies, are the best solution for reforming the high cost USF. In unserved areas, the best policy would create fair and open competitive bidding processes that ensure that the lowest cost provider prevails. Allowing competition will facilitate the introduction of faster speeds and better service over time.

Establishing a preferential mechanism to fund existing wireline providers risks perpetuating the currently flawed system, raising the cost of the fund and entrenching outdated DSL technology. Should the Commission nevertheless prefer wireline service for large portions of the nation, then a supplemental means should exist to serve the millions that are more cost-effectively served by satellite and other wireless technologies.

Competitive Technologies Fund. If the FCC decides to create a funding mechanism for a subset of homes that are too expensive to serve by wireline ("Competitive Technologies Fund" or "CTF"), the FCC should create a competitive bidding process to award these funds, specifying these requirements for bidders:

- Minimum performance (speed, bandwidth)
- Maximum consumer price
- Maximum bid (reserve price)
- Fulfillment time period (for aggregate capacity)
- Geographic delimiters (census blocks)

Service areas would be won by the low cost bidder, and FCC should allow "matching" by second (or more) lowest bidder to maintain an ongoing, enduring competitive environment, i.e., at least two winners can serve under the low bid, although the initial lowest cost bidder would receive an incentive, such as a first to market advantage. CTF funds should be awarded before funding is awarded under the wireline fund.

The FCC will identify census blocks as unserved (eligible for USF support under the main fund) or served (ineligible).

- **Unserved Census Blocks**. The FCC will then rank unserved census blocks by cost to serve with wireline (or FTTN). Any census block that is more expensive to serve with wireline is eligible to be served under the CTF. The "cost" would be the NPV of CAPEX and OPEX subsidies required to implement wireline or FTTN service for homes in that census block. The CTF cost would be the cost of the equivalent NPV of the alternative technology with the lowest cost (for that census block).
- **Served Census Blocks - Sprinkles**. Any household within a served census block that is actually unserved, i.e., bypassed, by the wireline provider will be eligible for CTF service. A validation by the household would be used.

Hypothetical Example:

- **Consumer Rate** under USF-supported service: An example could be: No upfront or equipment fees, $40/mo in subscriber paid service fees.
- A BHOL of **120 kbps** in 2012, could be required. Bandwidth provisioning (usage) could be escalated at an annual rate determined by the FCC and the CTF participants (e.g. 27%), over time periods defined by the FCC and applied equally to all technologies.
- **USF Support.** Support would be capped at a to-be-determined level based on the NPV of all support dollars to the recipient under a specific time period, e.g., NPV determined over 5 years, or over 20-years. Competing bidders could use CAPEX subsidies to reduce the ongoing OPEX subsidies. For example, if a bidder were to win with an NPV of ~$2,000 total, that could be computed in multiple ways:
  - If a 5 year NPV: The winner could receive a CapEx subsidy of $100 and an ongoing OpEx subsidy of $43/mo (Or any other combination yielding the same NPV). For instance, an up front of $500 and a monthly subsidy of $34 yields about the same NPV over 5 years.
  - If a 20 year NPV of $2,000 is the winner then one example would be: CapEx subsidy: $100. OpEx $20/mo

Voice. Of all households that could receive satellite under USF, close to 100% currently have access to landline and about 90-95% to cell phone service. The FCC should subsidize voice service only for the subset of households that have access to neither. It is reasonably likely that some rural telcos would no longer offer landline service if they are no longer subsidized for USF voice. In that case, we propose that wireless service is a reasonable substitute – since a rapidly growing number (already in the many millions) of Americans are choosing to cancel their landline service and rely solely on cellular wireless service at home. We believe that less than 10% of potential satellite broadband subscribers cannot receive basic wireless voice service at home. We believe that a satellite broadband VoIP service is also an acceptable solution for voice – especially when only 1 satellite hop is required. The US government currently subsidizes satellite voice service when selected by rural telcos for their customers – irrespective of whether 1 or 2 hops is required to terminate each call. Nevertheless, we believe the CTF provider could provide telephone service with latency limited to about 1 satellite hop.

- Assume the CTF supports 3 million satellite broadband households. That means less than 300,000 (10%) would need an alternative voice solution (because they have no cellular coverage). For these households:
  - The CTF recipient will provide a low latency solution, or
  - The satellite VOIP solution will detect double hop calls and switch to a low latency satellite for that call.
  - The cost of providing low latency voice service for those calls would be included in the bid by the satellite service provider and included in the NPV calculation. Actual usage risk would be borne by the satellite service provider.